



Changes to the Employer Support Payment Scheme

Changes to the Employer Support Payment Scheme (ESPS) came into effect on 1 July 2023

What you need to know

The Qualifying Period has been abolished

Under the previous Determination, a member was required to perform a two week Qualifying Period (QP) each financial year. From 1 July, the QP will no longer apply, meaning eligible applicants will be able to access ESPS support payments sooner!

Reasonable ESPS payment limits have been set

ESPS support payments were previously limited to 52 weeks for a single period of continuous defence service. From 1 July, the following claim limits apply:

- **52 weeks** in respect of a single period of continuous full-time service (CFTS, also known as SERVOP C),
 - For service where a member is force assigned to an ADF Operation, one of the following:
 - **52 weeks** within a financial year (FY) or
 - **52 weeks** for a single period of CFTS
 - **10 weeks** in all other circumstances*
- * there is discretion to extend this in certain situations.

What else has changed?

- **Time limits for claiming** have been extended from six months from the first day of service to 12 months.
- **Full-time work** has been amended from 35 hours per week to 38 hours per week.
- **Regular casual work** is now considered an eligible employment type for the Scheme. Other casual employment remains ineligible.
- **Continuous defence service** still means a period of at least five consecutive days however, now includes periods of four consecutive days if a member has performed defence service on a rostered shift cycle for at least 38 hours.
- **Eligible types of absences from the workplace** have been expanded and while a member is still required to be absent from their workplace to perform *continuous defence service*, some days that were previously treated as a 'break in service' (example - a day the member utilised annual leave) are now accepted, even if that day might not be counted for an ESPS support payment.

Higher payments for employers of Reserve health professionals

In accordance with the new Determination, the Chief of Defence Force has made some changes to the standard eligibility requirements. These changes provide an eligible applicant with access to higher level ESPS payments when the applicant employs a Reserve member as a medical or scientific practitioner, **and** the Reserve member undertakes defence service as a medical, dental, nursing or allied health officer.

Changes include but are not limited to:

- higher level ESPS support payments may be made where a member is employed by more than one employer
- the minimum period of eligible defence service is reduced to three consecutive days for pre-deployment training or aeromedical evacuation
- for member applicants, the Principal Source of Income (PSI) provisions may be taken to have been met when a business has been in operation for less than 12-months **or** a members employment obligations prevent a member from deriving their PSI from the business

For member applicants:

A *member applicant* (previously known as a 'self-employed Reservist') means a business that is related to the member for which an application for ESPS relates (for example – the member is operating a business as a sole trader or is a director of a business which is a company). You can find out more information on when a business is related to a member at www.reserveemployersupport.gov.au.

All member applicants, including Reserve health professionals, are now required to demonstrate eligibility under the Principle Source of Income (PSI) provisions or under the Principal Source of Employment (PSE) provisions over a 12-month period.

Common evidentiary requirements require member applicants to provide their individual tax return and notice of assessment, relating to the their nominated 12-month assessment period.

Principle Source of Income

To satisfy the PSI provisions, the member must receive more income from the applicant's business than any other source of employment during the assessment period.

Once satisfied, the PSI provisions will remain valid and can be relied upon by the applicant for up to two years.

Principal Source of Employment

To satisfy the PSE provisions, the member must have worked more time in the applicant's business than in any other type of employment during the assessment period.

Once satisfied, the PSE provisions will remain valid and can be relied upon by the applicant for a total of two years, unless the decision maker accepts exceptional circumstances apply.

Transitional Arrangements

The Qualifying Period

For defence service undertaken prior to 1 July 2023, a member must perform a two-week Qualifying Period (QP) each financial year (FY). While the QP does not normally attract ESPS support payments, ESPS may be payable to employers of Reserve health professionals.

The QP requirement no longer applies for defence service starting on or after 1 July 2023.

What happens when continuous defence service starts before 1 July 2023 but hasn't finished?

If a member is part-way through completing the QP on 30 June 2023 and the applicant is eligible for the Scheme, then continuous defence service from 1 July 2023 may attract ESPS support payments.

What happens when continuous defence service is completed before 1 July 2023?

If a period of continuous defence service is completed prior to 1 July 2023, the two-week QP will still apply, but may attract ESPS support payments.

ESPS support payment limits

Prior to 1 July 2023, the maximum amount of ESPS support payments is limited to 52 weeks for any single period of continuous defence service, even if the period spans multiple financial years.

From 1 July 2023 the new ESPS support payment limits will be in effect, even if a member is part-way through a period of continuous defence service. For information on ESPS support payment limits, please visit www.reserveemployersupport.gov.au.

What happens when continuous defence service starts before 1 July 2023 and ends after 1 July 2023?

Where a member is part-way through a period of **continuous full-time service (CFTS)**, the 52 week limit for a single period continues for the period and does not restart.

However, if a member is part-way through period of *other* service, excluding if force assigned to an operation or on CFTS, the 10 week limit will have effect from 1 July 2023.

What happens when continuous defence service is completed before 1 July 2023?

Where a period of continuous defence service is completed prior to 1 July 2023, the period/s will not be effected by the new rules.

Under the previous rules, ESPS support payments are limited to 52 weeks for any single period of continuous defence service.

Types of work

When claiming a period of continuous defence service that starts before 1 July 2023, regardless of when the service ends, an applicant must legitimately employ a member in full-time (35+ hours per week) or part-time work.

For periods of continuous service commencing on or after 1 July 2023, an applicant must legitimately employ a member in full-time (38+ hours per week), part-time or regular casual work.

Absences from the workplace

Where a period of continuous defence service starts prior to 1 July 2023, a period of leave that is not military leave or leave without pay for the purpose of service, will not count towards a period of absence on defence service.

For periods of continuous defence service starting on or after 1 July 2023, a period of leave that is not military leave or leave without pay for the purpose of service, will count albeit the period may not attract ESPS support payments.

Example. A member performs 5 consecutive days of continuous defence service. During the period, the member utilises two days annual leave followed by three days of leave without pay:

- If the service started before 1 July 2023, the entire period is ineligible for the Scheme as only the three day absence on leave without pay counts towards a period of continuous defence service. As a result, the period of continuous defence service does not meet the minimum five consecutive day requirement.
- If the service started after 1 July 2023, all five consecutive days count towards the period of absence however, the two days where annual leave is utilised is not eligible for payment.

Continuous defence service

All periods of continuous defence service commencing before 1 July 2023, should be at least five consecutive days, or three consecutive days for pre-deployment training or aeromedical evacuation.

Members who are considered 'self-employed'

When a period of defence service starts before 1 July 2023, an applicant must establish eligibility as a self-employed member by satisfying the Principal Source of Income (PSI) provisions or the Principal Source of Employment (PSE) provisions **unless** the member:

- has a bona fide functioning medical, dental or allied health practice; or
- is contracting as a registered health practitioner to a bona fide functioning professional medical, dental or allied health practice.

Further more information regarding Reserve health professionals before 1 July 2023, please visit www.reserveemployersupport.gov.au (refer to CDF (Health) Approval dated 3 April 2020).

When a period of defence starts on or after 1 July 2023, an applicant must establish eligibility as a self-employed member by satisfying the Principal Source of Income (PSI) provisions or the Principal Source of Employment (PSE) provisions. Generally, a member is considered as self-employed if the member is one of the following:

- A shareholder or director of a company who is employed to manage the company's business
- Is the operator of a sole trader business
- Is a partner of a business partnership who is not a silent partner, or
- A beneficiary of a trust who is employed to manage the trust's business

Member applicants who have previously satisfied the Principal Source of Income or the Principal Source of Employment provisions

If a member applicant satisfied the Principal Source of Income or the Principal Source of Employment provisions prior to 1 July 2023, and the applicant was provided an *approval period* (usually two years), then the member applicant can continue to rely on that approval period until such time as the approval period expires.